

## Message Text

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PAGE 01 JIDDA 03194 300716Z

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ACTION SS-25

INFO OCT-01 ADP-00 /026 W

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R 291451Z JUL 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 4501

S E C R E T JIDDA 3194

EXDIS

DEPT PASS SECDEF FOR ISA

EO 11652: GDS

TAGS: MASS, SA

SUBJECT: IMPROVED HAWK MISSILE CONTRACT

REF: JIDDA 3085

1. LTCOL AHMED MALIK OF SAUDI ARMY, WHO IS HEADING UP MINISTRY DEFENSE CONTRACTS OFFICE GAVE EMBOFF SOME FURTHER BACKGROUND AS TO WHY SAG SEEKING GOVT-TO-GOVT ARRANGEMENT FOR ADVANCED HAWK.

2. MALIK VIEWS RAYTHEON PROPOSAL AS GROSSLY INFLATED IN PRICE. BY GOING GOVT-TO-GOVT ROUTE HE COULD ASSURE THAT SAUDI ARABIA GOT SAME PRICE THAT USG WOULD PAY FOR HARDWARE AND MUCH FAIRER DEAL FOR SOFTWARE.

3. MALIK SUSPECTED HARDWARE PRICES CONSIDERABLY ABOVE WHAT THEY SHOULD BE. HE IS STRUCK BY HIGH COST OF NEW WEAPONS AS COMPARED TO ORIGINAL HAWK EVEN AFTER CONSIDERABLE ALLOWANCE FOR INFLATION AND TECHNICAL IMPROVEMENTS. MALIK ASSERTS HE FINDS ALSO COST OF RAYTHEON PERSONNEL AS SUGGESTED BY NEW BID CONSIDERABLY HIGHER THAN US TECHNICAL PERSONNEL PROVED IN OTHER DEFENSE CONTRACTS, EVEN HIGHER THAN WHAT RAYTHEON IS SUGGESTING IN ITS MILITARY MEDICAL FACILITIES CONTRACT BID (WHICH HAS BEEN SUBMITTED IN COMPETITION WITH OTHER COMPANIES). ON A

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PAGE 02 JIDDA 03194 300716Z

LONG GUESS MALIK OPINED THAT PERHAPS AS MUCH AS A THIRD

COULD BE CUT OFF PRICE RAYTHEON IS PRESENTLY ASKING.

4. COMMENT: MALIK'S REMARKS PROVIDE ANOTHER CLUE THAT WHAT SAUDIS REALLY SEEKING WITH REGARD TO MODIFIED HAWK IS MORE ASSISTANCE IN CONTRACT NEGOTIATION THAN IN CONTRACT IMPLEMENTATION. ACCORDINGLY THIS SEEMS ARGUE FOR OFFERING SAG SKILLED CONTRACT NEGOTIATIONS ADVISORS AS RESPONSE TO SULTAN'S BID FOR HELP.

5. RE PARA SIX REFTTEL, CONTINUE BELIEVE IT WOULD BE DESIRABLE TIP OFF RAYTHEON THAT SAUDIS HAVE ASKED US FOR SOME KIND OF HELP AND WE ARE CONSIDERING WHAT WE OUGHT TO DO. WOULD APPRECIATE DEPT/DOD COMMENT.  
THACHER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY EQUIPMENT, ARMS, MILITARY ASSISTANCE, MISSILES  
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**Copy:** SINGLE  
**Draft Date:** 29 JUL 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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